

CITY OF HOLLAND, MICHIGAN

FEDERAL AWARDS

SINGLE AUDIT REPORT

FOR THE YEAR ENDED JUNE 30, 2005

CITY OF HOLLAND, MICHIGAN SINGLE AUDIT REPORT

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REHMANN ROBSON

Certified Public Accountants

A member of THE REHMANN GROUP

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**INDEPENDENT AUDITORS' REPORT ON INTERNAL CONTROL OVER FINANCIAL
REPORTING AND ON COMPLIANCE AND OTHER MATTERS BASED ON AN AUDIT OF
FINANCIAL STATEMENTS PERFORMED IN ACCORDANCE
WITH GOVERNMENT AUDITING STANDARDS**

November 9, 2005

The Honorable Mayor and City Council
City of Holland, Michigan

We have audited the financial statements of the governmental activities, the business-type activities, the aggregate discretely presented component units, each major fund, and the aggregate remaining fund information of the City of Holland, Michigan, as of and for the year ended June 30, 2005, which collectively comprise the City of Holland, Michigan's basic financial statements and have issued our report thereon dated November 9, 2005. We conducted our audit in accordance with auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States.

Internal Control Over Financial Reporting

In planning and performing our audit, we considered the City of Holland, Michigan's internal control over financial reporting in order to determine our auditing procedures for the purpose of expressing our opinions on the financial statements and not to provide an opinion on the internal control over financial reporting. Our consideration of the internal control over financial reporting would not necessarily disclose all matters in the internal control over financial reporting that might be material weaknesses. A material weakness is a reportable condition in which the design or operation of one or more of the internal control components does not reduce to a relatively low level the risk that misstatements caused by error or fraud in amounts that would be material in relation to the financial statements being audited may occur and not be detected within a timely period by employees in the normal course of performing their assigned functions. We noted no matters involving the internal control over financial reporting and its operation that we consider to be material weaknesses.

Compliance and Other Matters

As part of obtaining reasonable assurance about whether the City of Holland, Michigan's financial statements are free of material misstatement, we performed tests of its compliance with certain provisions of laws, regulations, contracts and grant agreements, noncompliance with which could have a direct and material effect on the determination of financial statement amounts. However, providing an opinion on compliance with those provisions was not an objective of our audit and, accordingly, we do not express such an opinion. The results of our tests disclosed no instances of noncompliance or other matters that are required to be reported under *Government Auditing Standards*.

This report is intended solely for the information and use of City Council, management, federal awarding agencies and pass-through entities, and is not intended to be and should not be used by anyone other than these specified parties.



**INDEPENDENT AUDITORS' REPORT ON COMPLIANCE WITH REQUIREMENTS
APPLICABLE TO EACH MAJOR PROGRAM AND INTERNAL CONTROL OVER
COMPLIANCE IN ACCORDANCE WITH OMB CIRCULAR A-133**

November 9, 2005

The Honorable Mayor and City Council
City of Holland, Michigan

Compliance

We have audited the compliance of the City of Holland, Michigan with the types of compliance requirements described in the *U.S. Office of Management and Budget (OMB) Circular A-133 Compliance Supplement* that are applicable to each of the City's major federal programs for the year ended June 30, 2005. The City of Holland, Michigan's major federal programs are identified in the summary of auditors' results section of the accompanying schedule of findings and questioned costs. Compliance with the requirements of laws, regulations, contracts and grants applicable to each of its major federal programs is the responsibility of the City of Holland, Michigan's management. Our responsibility is to express an opinion on the City of Holland, Michigan's compliance based on our audit.

We conducted our audit of compliance in accordance with auditing standards generally accepted in the United States of America; the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States; and OMB Circular A-133, *Audits of States, Local Governments, and Non-Profit Organizations*. Those standards and OMB Circular A-133 require that we plan and perform the audit to obtain reasonable assurance about whether noncompliance with the types of compliance requirements referred to above that could have a direct and material effect on a major federal program occurred. An audit includes examining, on a test basis, evidence about the City of Holland, Michigan's compliance with those requirements and performing such other procedures as we considered necessary in the circumstances. We believe that our audit provides a reasonable basis for our opinion. Our audit does not provide a legal determination on the City of Holland, Michigan's compliance with those requirements.

In our opinion, the City of Holland, Michigan complied, in all material respects, with the requirements referred to above that are applicable to each of its major federal programs for the year ended June 30, 2005.

Internal Control Over Compliance

The management of the City of Holland, Michigan is responsible for establishing and maintaining effective internal control over compliance with requirements of laws, regulations, contracts and grants applicable to federal programs. In planning and performing our audit, we considered the City of Holland, Michigan's internal control over compliance with requirements that could have a direct and material effect on a major federal program in order to determine our auditing procedures for the purpose of expressing our opinion on compliance and to test and report on internal control over compliance in accordance with OMB Circular A-133.

Our consideration of the internal control over compliance would not necessarily disclose all matters in the internal control that might be material weaknesses. A material weakness is a reportable condition in which the design or operation of one or more of the internal control components does not reduce to a relatively low level the risk that noncompliance with applicable requirements of laws, regulations, contracts and grants caused by error or fraud that would be material in relation to a major federal program being audited may occur and not be detected within a timely period by employees in the normal course of performing their assigned functions. We noted no matters involving the internal control over compliance and its operation that we consider to be material weaknesses.

Schedule of Expenditures of Federal Awards

We have audited the financial statements of the governmental activities, the business-type activities, the aggregate discretely presented component units, each major fund, and the aggregate remaining fund information of the City of Holland, Michigan as of and for the year ended June 30, 2005, and have issued our report thereon dated November 9, 2005. Our audit was performed for the purpose of forming opinions on the financial statements that collectively comprise the City of Holland, Michigan's basic financial statements. The accompanying schedule of expenditures of federal awards is presented for purposes of additional analysis as required by OMB Circular A-133 and is not a required part of the financial statements. Such information has been subjected to the auditing procedures applied in the audit of the financial statements and, in our opinion, is fairly stated, in all material respects, in relation to the financial statements taken as a whole.

This report is intended solely for the information and use of City Council, management, federal awarding agencies and pass-through entities and is not intended to be and should not be used by anyone other than these specified parties.

A handwritten signature in black ink, reading "Lehmann Johnson". The signature is written in a cursive, flowing style.

CITY OF HOLLAND, MICHIGAN
SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS
FOR THE YEAR ENDED JUNE 30, 2005

Federal Agency/Pass-Through Program Title	CFDA Number	Pass-Through Entity Identifying Number	Award Amount	Federal Expenditures
U.S. Department of Justice				
2002 Law Enforcement Block Grant (10/01/01 - 09/09/04)	16.592	2002-LB-BX-0475	\$ 31,285	\$ 12,860
2003 Law Enforcement Block Grant (12/10/03 - 12/09/05)	16.592	2003-LB-BX-0675	22,457	22,457
2004 Law Enforcement Block Grant (10/06/04 - 10/05/06)	16.592	2004-LB-BX-0199	10,296	8,580
2004 Bulletproof vest grant	16.607	n/a	2,411	2,324
Total direct funding				46,221
Passed through the Michigan Department of Management and Budget, Office of Criminal Justice:				
ADAA/WEMET XVII Grant (10/03 - 9/04)	16.579	70834-503B	104,085	24,126
ADAA/WEMET XVIII Grant (10/04-9/05)	16.579	70834-604B	124,103	74,579
HIDTA Grant	16.579	n/a	45,000	874
Total Passed through Michigan Department of Management and Budget				99,579
Total U.S. Department of Justice				145,800
U.S. Department of Homeland Security				
Passed through Ottawa County-Emergency Mgmt Terrorism Mitigation-Equipment/Training: (8/01/04-9/30/05)	97.004	n/a	79,105	33,925
U.S. Department of Housing and Urban Development				
Community Development Block Grants:				
Entitlement XIX	14.218	B-02-MC-26-0036	411,217	14,985
Entitlement XX	14.218	B-03-MC-26-0036	386,695	97,696
Entitlement XXI	14.218	B-04-MC-26-0036	477,662	249,163
Total direct funding				361,844
Passed through Allegan County Community Development Community Development Block Grants				
MEDC Uniform Color Grant	14.219	MSC-200052-EDIG	600,350	357,611
Passed through the Michigan State Housing Development Authority Home Investment Partnership Program:				
Rental Rehab/Homebuyer	14.239	M-2000-300-NPP	333,300	63,250
Rental Rehab/Homebuyer	14.239	M-2003-300-NPP	479,700	129,065
Total Passed through Michigan State Housing Development Authority				192,315
Total U.S. Department of Housing and Urban Development				911,770
U.S. Department of Transportation				
Section 5307 current year (operating & planning)	20.507		816,000	816,000
Section 5307 Prior year (operating & planning)	20.507		42,470	42,470
Section 5307 current year (capital grant)	20.507		79,600	42,323
Section 5307 prior year (capital grant)	20.507		789,478	260,267
Total direct funding				1,161,060
Passed through the Michigan Department of State Police Office of Highway Safety Planning:				
Party Patrol (10/01/02-8/30/04)	20.600	JJ-03-01	17,918	1,130
Youth Alcohol (10/01/04-9/30/05)	20.600	JJ-05-02	20,093	8,852
Drive Michigan Safely (10/1/04-9/30/05)	20.600	PT-05-02	59,940	27,315
Drive Michigan Safely 10/1/03-09/30/04)	20.600	PT-04-02	51,401	15,992
Challenge Award (12/14/04-9/30/05)	20.604	PT-05-29	35,000	32,149
Total Passed through Michigan Department of State Police				85,438
Total U.S. Department of Transportation				1,246,498

(continued)

CITY OF HOLLAND, MICHIGAN
SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS
FOR THE YEAR ENDED JUNE 30, 2005

<u>Federal Agency/Pass-Through Program Title</u>	<u>CFDA Number</u>	<u>Pass-Through Entity Identifying Number</u>	<u>Award Amount</u>	<u>Federal Expenditures</u>
U.S. Department of Agriculture				
Passed through the Michigan Department of Public Health: Project Fresh Agreement	10.572	MM#4454	\$ 6,176	<u>\$ 6,176</u>
Institute of Museum and Library Services				
IMLS Grant (12/03/03-12/31/06)	45.301	ML-02-03-0549-03	74,739	<u>19,242</u>
Federal Emergency Management Agency				
Fire Act Grant-Smoke Detectors	83.554	EMW-2003-FG-09726	49,680	<u>30,998</u>
Total Expenditures of Federal Awards				<u><u>\$ 2,394,409</u></u>

BASIS OF PRESENTATION

The Schedule of Expenditures of Federal Awards utilizes the same basis of accounting as the fund-basis financial statements. The information in this schedule is presented in accordance with the requirements of OMB Circular A-133 *Audits of States, Local Governments, and Non-Profit Organizations*.

CITY OF HOLLAND, MICHIGAN

SCHEDULE OF FINDINGS AND QUESTIONED COSTS

FOR THE YEAR ENDED JUNE 30, 2005

SECTION I – SUMMARY OF AUDITORS' RESULTS

Financial Statements

Type of auditor's report issued:

Unqualified on financial statements

Internal controls over financial reporting:

Material weakness(es) identified?

_____ yes x no

Reportable condition(s) identified not

considered to be material weaknesses?

_____ yes x none reported

Noncompliance material to financial
statements noted?

_____ yes x no

Federal Awards

Internal Control over major programs:

Material weakness(es) identified?

_____ yes x no

Reportable condition(s) identified not

considered to be material weaknesses?

_____ yes x none reported

Type of auditor's report issued on compliance
for major programs:

Unqualified

Any audit findings disclosed that are required to be
reported in accordance with Circular A-133,
Section 510(a)?

_____ yes x no

Identification of Major Programs

CFDA Number(s)

14.239
20.507

Name of Federal Program or Cluster

Home Investment Partnerships
Federal Transit – Formula Grants

Dollar threshold used to distinguish
between Type A and Type B programs:

 \$ 300,000

Auditee qualified as low-risk auditee?

 x yes _____ no

CITY OF HOLLAND, MICHIGAN
SCHEDULE OF FINDINGS AND QUESTIONED COSTS
FOR THE YEAR ENDED JUNE 30, 2005

SECTION II – FINANCIAL STATEMENT FINDINGS

None

SECTION III – FEDERAL AWARD FINDINGS AND QUESTIONED COSTS

None